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Paper 35
Entered: September 11, 2013

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

REDLINE DETECTION, LLC
Petitioner

v.

STAR ENVIROTECH, INC.
Patent Owner

Case IPR2013-00106 (JSB)
Patent 6,526,808 B1

Before SALLY C. MEDLEY, JENNIFER S. BISK, and JAMES B. ARPIN,
Administrative Patent Judges.

ARPIN, *Administrative Patent Judge.*

DECISION
Petitioner's Request for Rehearing
37 C.F.R. § 42.71

Case IPR2013-00106 (JSB)
Patent 6,526,808 B1

INTRODUCTION

Redline Detection, LLC (“Petitioner”) filed a request for rehearing (Paper 29, “Req.”) of the Order denying Petitioner’s Motion to Submit Supplemental Information (Paper 24, “Order”). Petitioner requests that the Board withdraw the Order and grant Petitioner’s motion to submit the following supplemental information: (a) Exhibit 1039: Declaration of Dr. Michael St. Denis (“Ex. 1039 (expunged)”); (b) Exhibit 1040: Resume of Dr. St. Denis (“Ex. 1040 (expunged)”); (c) Exhibit 1041: Patent No. US 3,250,723 to Fortney (“Ex. 1041 (expunged)”); and (d) Exhibit 1042: Patent No. US 3,432,439 to Dickman (“Ex. 1042 (expunged)”). Req. 4. The request for rehearing is *denied*.

ANALYSIS

Petitioner bears the burden of showing the decision should be modified and must specifically identify all matters that the party believes the Board misapprehended or overlooked. 37 C.F.R. § 42.71(d). When rehearing an interlocutory decision, a panel will review the decision for an abuse of discretion. 37 C.F.R. § 42.71(b). An abuse of discretion may be determined if a decision is based on an erroneous interpretation of law, if a factual finding is not supported by substantial evidence, or if the decision represents an unreasonable judgment in weighing relevant factors. *Star Fruits S.N.C. v. U.S.*, 393 F.3d 1277, 1281 (Fed. Cir. 2005); *Arnold P’ship v. Dudas*, 362 F.3d 1338, 1340 (Fed. Cir. 2004); and *In re Gartside*, 203 F.3d 1305, 1315-16 (Fed. Cir. 2000).

1. Petitioner’s Filing is Contrary to the Board’s Statutory Duties

Pursuant to 35 U.S.C. § 316(b), rules for *inter partes* review were promulgated taking into account their effect on “the economy, the integrity

Case IPR2013-00106 (JSB)
Patent 6,526,808 B1

of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings.” The Board’s rules provide that they are to be “construed to secure the just, speedy, and inexpensive resolution of every proceeding.” 37 C.F.R. § 42.1(b).

Under 37 C.F.R. § 42.123, a party may file a motion to submit supplemental information if a request for authorization to file such a motion is made within one month of the date the trial is instituted. In this case, trial was instituted on July 1, 2013, and, thus, the “request,” filed August 1, 2013, was made within one month of the institution of trial.¹ Petitioner contends that, under 37 C.F.R. § 42.123(a), “the *only* criteria for submitting supplemental information . . . [are] timeliness (i.e., within one month of instituting trial) and relevance to a claim on which trial has been instituted.” Req. 6 (Sec. IV.A.; emphasis added); *see also* Req. 5 (Sec. III). Nevertheless, Petitioner cites to no statutory or regulatory authority for the proposition that these criteria are the “sole test” under which the Board may decide to admit supplemental information. Req. 3; *see also* Req. 6, 8. We conclude that nothing in 37 C.F.R. § 42.123 requires that a request to submit supplemental information satisfying these two criteria automatically be granted no matter the circumstance. *See* IPR2013-00139, Paper 27 at 2. A party filing a motion has the burden of proof to establish that it is entitled to the requested relief. 37 C.F.R. § 42.20. This is so, no matter the requested relief.

As noted above, the Board decides such motions in view of its

¹ In view of the expired filing deadline, we treated Petitioner’s Motion for Supplemental Disclosure of New Exhibits 1039-1042 Per 35 U.S.C. § 316(3) and 37 C.F.R. § 42.123(a) (Paper 19) as a timely request for authorization to file such a motion. Conf. Tr. 5-6.

Case IPR2013-00106 (JSB)
Patent 6,526,808 B1

mandate to ensure the efficient administration of the Office and the ability of the Office to complete IPR proceedings in a timely manner, as well as the Board's duty "to secure the just, speedy, and inexpensive resolution of every proceeding." Consequently, in determining whether to grant a motion to submit supplemental information, the Board must ensure that the motion meets the minimum requirements set forth by the applicable regulations. The grant of such motion, however, also shall depend upon the Board's determination that, in its discretion, the action sought by the movant is consistent with the Board's statutory mandate.

During the initial conference call, Petitioner's counsel explained that "we think that the submission of the declaration at this point makes things far less complex than had we had an expert opine as to all 12 grounds as originally submitted in our petition." Conf. Tr. 7. This statement implies that the new declaration relates to a *ground* for which the trial was instituted, rather than only to a *claim* of the patent, for which the trial was instituted. As we explained in our order,

[w]e do not read 37 C.F.R. § 42.123 as permitting a petitioner to wait for the Board to narrow the grounds submitted in the petition in order to create a more focused declaration at less expense that will bolster its position in the chosen grounds. [Conf. Tr. 7, 12.] This is particularly true if the evidence contained in the declaration was reasonably available at the time of filing of the petition. "The filing of a petition for *inter partes* review should not be turned into a two-stage process," first to get the Board to narrow the issues, and second to complete the petition based on the issues left in the case. *ZTE Corp. v. ContentGuard Holdings, Inc.*, IPR2013-00139, Paper 27 at 3.

Order 4. The intentional delay in obtaining or presenting information to the Board is not in the interest of the efficient administration of the Office, nor

Case IPR2013-00106 (JSB)
Patent 6,526,808 B1

does it further the ability of the Office to complete IPR proceedings in a timely manner. Moreover, such delay in presenting information is counter to the “just, speedy, and inexpensive resolution of every proceeding.”

2. The Proposed Exhibits Go Beyond What is Relevant to a Claim for Which the Trial Has Been Instituted

Under 37 C.F.R. § 42.123(a), Petitioner also bears the burden of demonstrating that the supplemental information is “relevant to a claim for which the trial has been instituted.” *See* Req. 1. Further, under 37 C.F.R. § 42.123(c), if a submission is not relevant to a *claim* for which a trial has been instituted, Petitioner must show that the information reasonably could not have been obtained earlier and that consideration of the supplemental information would be in the interests of justice.

In the request for rehearing, Petitioner contends that “[t]he Order makes no reference as to whether or not the supplemental information is relevant to an IPR claim, which is the sole basis for admissibility in a timely filed motion to submit supplemental evidence, per §42.123(a). *Relevance was also never disputed during the August 1st, 2013 phone conference.*” Req. 3 (emphasis added; citation omitted). This is not accurate. The discussion during the conference call clearly focused on the relevance (1) of the proposed exhibits to the *grounds* for unpatentability raised in the petition and in the decision to institute and (2) of the new references and the new arguments, as well as the new claim charts, presented in Dr. St. Denis’s declaration to those *grounds* for unpatentability. *See* Order 3; Conf. Tr. 8-10.

a. Ex. 1041 (expunged) and Ex. 1042 (expunged)

Petitioner states that “Exhibit 1041 [(expunged)] is referred to in the St. Denis declaration at ¶ 36 *regarding uses of smoke machines and the[]*

Case IPR2013-00106 (JSB)
Patent 6,526,808 B1

types of smoke generators usable in Gilliam” and “Exhibit 1042 [(expunged)] is referred to in the St. Denis declaration at ¶ 36 *regarding uses of smoke machines and the[] types of smoke generators usable in Gilliam.*” Motion 3 (emphases added). Petitioner only makes reference to each exhibit’s relevance to the Gilliam reference “on which Ground 1 and Ground 2 of the IPR are based.” *Id.* Petitioner fails to demonstrate that either Ex. 1041 (expunged) or Ex. 1042 (expunged) is relevant to either of claims 9 and 10 upon which trial was instituted. Thus, neither exhibit meets the requirements of 37 C.F.R. § 42.123(a)(2).

b. Ex. 1039 (expunged) and Ex. 1040 (expunged)

In its motion, Petitioner states that:

The declaration explains several aspects of the references on which the IPR was granted and further helps establish reasons for combining the references, and the reasons for unpatentability of claims 9 and 10 based on the references on which the IPR was granted. The declaration includes claim charts similar to those used in the Petition, but directed to the two grounds on which the IPR was granted and how one skilled in the art would deem claims 9 and 10 of the ‘808 patent obvious in view of the Gilliam and Stoye references, per Ground 1, and obvious in view of the Gilliam, Pauley and 1999 Website references, per Ground 2.

Motion 2 (emphases added). Moreover, Petitioner explains in Petitioner’s Proposed Motions Prior to Initial Conference (Paper 21) that:

Dr. Michael St. Denis, an expert in automobile evaporative systems, the diagnostic testing related to such systems, government regulations related to the testing of EVAP systems and the use of inert gases for such testing, presents further evidence as to how one skilled in the art would deem claims 9 and 10 of the ‘808 patent obvious in view of the Gilliam and Stoye references per Ground 1, as well as obvious in view of

Case IPR2013-00106 (JSB)
Patent 6,526,808 B1

the Gilliam, Pauley and 1999 Website references, *per Ground*
2.

Pet. Prop. Motions 2-3 (emphases added). Thus, at best, the declaration of Dr. St. Denis is directed to the *grounds* on which the trial was instituted, as well as to claims 9 and 10 on which trial was instituted. After the filing of its motion, Petitioner acknowledged this dual nature of Dr. St. Denis's declaration, stating that, "[a]s the supplemental evidence provides testimony and support for combining the references of record in the instituted IPR, it is relevant *not just* to IPR claims 9 and 10, *but to* the two existing IPR grounds while creating no new ground of unpatentability." Req. 2-3 (emphases added).

In its motion to submit supplemental information, Petitioner further states that "[t]he declaration *explains* several aspects of the references on which the IPR was granted and further *helps establish reasons* for combining the references, and *reasons* for unpatentability of claims 9 and 10 based on the references on which the IPR was granted." Motion 2 (emphases added). Moreover, as noted above, Petitioner states that Dr. St. Denis's declaration "presents further evidence as to *how one skilled in the art would deem claims 9 and 10 of the '808 patent obvious.*" Pet. Prop. Motions 2 (emphasis added). Finally, during the initial conference, Petitioner stated that "the submission of the declaration at this point makes things far less complex than had we had an expert *opine as to all 12 grounds* as originally submitted in our petition." Conf. Tr. 7 (emphasis added). Patent Owner contended that the declaration is a complete supplemental *argument*. Conf. Tr. 9. In our order, we agreed, explaining that the Petitioner's supplemental information contains arguments and responses to

Case IPR2013-00106 (JSB)
Patent 6,526,808 B1

the Board's decision to institute the *inter partes* review. We further explained that the rules do not contemplate allowing arguments and responses from the Petitioner prior to receiving the Patent Owner response. Order 5. We are persuaded that the declaration is directed, at least in part, if not primarily, to the *grounds* for unpatentability on which trial was instituted and includes new arguments and responses to the Board's decision to institute. Therefore, for these and the other reasons set forth in the order and explained further herein, the declaration is not submitted properly here as "supplemental information."

During the initial conference, Patent Owner asserted that it would be prejudiced by the admission of the new arguments and new claim charts contained in Dr. St. Denis's declaration at this stage of the proceeding. Conf. Tr. 11-12. Petitioner suggests that, to the extent Petitioner and Patent Owner disagree on prejudice suffered by the submission of this evidence, the parties should "address this through a briefing to address this motion." *Id.* at 13. We note that, during the initial conference, Petitioner also indicated that "to the extent there are parts of the declaration that are inconsistent with the decision [to institute], we can – we'll agree to strike those, but admit the ones that are absolutely consistent with the decision," i.e., with the *grounds* on which trial was instituted. *Id.*

Although we agreed to treat Petitioner's Motion to Submit Supplemental Information as a timely request for authorization to file such a motion (*see* note 1, *supra*), we recognize that, by filing the proposed supplemental information as exhibits to the motion without requesting and receiving prior authorization, Petitioner did not allow Patent Owner the opportunity to oppose the request for authorization to file the motion or the

Case IPR2013-00106 (JSB)
Patent 6,526,808 B1

Board to provide guidance regarding the information to be submitted. *See* Conf. Tr. 5-6. The process for submitting supplemental information does not rely on post-submission briefing to avoid prejudice or to prevent improper filings, but, instead, envisions Petitioner's filing of a request for authorization to submit supplemental information, followed by any opposition to such a request by Patent Owner, and, ultimately, the Board's decision to grant or deny, in whole or in part, the request to submit such information. Petitioner's actions short-circuited that process. Petitioner's offer to accept the post-submission parsing of a sixty page declaration to decide what portions may remain and what portions must be excluded – a process which itself is likely to result in further challenges – is not an acceptable alternative to the prescribed process. Moreover, such an alternative is not conducive to the efficient administration of the Office, to the ability of the Office to complete IPR proceedings in a timely manner, or to the just, speedy, and inexpensive resolution of this proceeding.

3. Due Process

Petitioner contends that the rendering of an order based on oral argument at the initial conference call was (1) without advanced notice to Petitioner of the basis on which Patent Owner objected to the admission of the supplemental information, (2) without notice of the criteria to be applied other than that of Section 42.123(a), and (3) without the opportunity for a written response after time to consider the objections and new criteria. Req. 14-15. Petitioner's objection to the alleged lack of due process in the rendering of the order is without merit.

First, regarding Petitioner's objection that it was not apprised of the basis on which Patent Owner objected to the admission of the supplemental

Case IPR2013-00106 (JSB)
Patent 6,526,808 B1

information, we note that Patent Owner was afforded the opportunity to present the basis for its objections, and did so during the initial conference. Conf. Tr. 7-12. Moreover, Patent Owner provided a court reporter and arranged for the preparation of a transcript of the initial conference and for the timely inclusion of that transcript in the record of this trial. *Id.* at 8; *see also* Star Notice of Filing of Transcript of August 1, 2013 Initial Conference Call (Paper 23) (filed August 2, 2013). Patent Owner filed this transcript well before the filing of Petitioner's request for rehearing on August 15, 2013. Thus, Petitioner was informed, orally and in writing, of the basis of Patent Owner's objections to Petitioner's motion.

Second, regarding Petitioner's objection that the order issued without notice of the criteria to be applied other than that of § 42.123(a), we note that the statutory and regulatory mandates, cited above, under which the Board conducts *inter partes* review were known well in advance of the initiation of the present proceeding. The Board provided further guidance concerning the criteria used to evaluate requests for authorization to submit supplemental information in its recent decision in *ZTE Corp. v. ContentGuard Holdings, Inc.*, IPR2013-00139 (Paper 27) (posted on-line on July 30, 2013, prior to the date of the initial conference call). The Board specifically cited to the *ZTE Corp.* decision and the application of the regulation in that decision in its order (Order 4-5), and Petitioner addressed the panel's citation to this decision in its request for rehearing (Req. 14). Thus, Petitioner was apprised of the criteria under which the Board decides *requests* for authorization to submit supplemental information.

Third, regarding Petitioner's objection that the order issued without the opportunity for Petitioner to file a written response after time to consider

Case IPR2013-00106 (JSB)
Patent 6,526,808 B1

the objections and new criteria, we disagree. Initially, we note that Petitioner presented its arguments in favor of the admission of its supplemental information in its Motion for Supplemental Disclosure of New Exhibits 1037-1042 Per 35 U.S.C. § 316(3) and 37 C.F.R. § 42.123(a) (Paper 19) and in Petitioner's Proposed Motions Prior to Initial Conference (Paper 21). *See* Conf. Tr. 4-5 (“And in this motion list, it actually provides facts and arguments related to a motion that has already been filed, and that is the motion to supplement – to submit supplemental information.”). During the initial conference, Petitioner was given the opportunity to respond orally and responded orally to Patent Owner's objections. Conf. Tr. 12-13. Further, Petitioner has addressed both Patent Owner's objections and the criteria under which the Board reviews requests to submit supplemental information in the request for rehearing that is presently before us. Req. 9-14. Thus, Petitioner took advantage of four separate opportunities to present its arguments for the admission of the supplemental information, each of which has been considered by the Board.

For the foregoing reasons, we conclude that Petitioner was afforded multiple opportunities to present its arguments, both orally and in writing, for the admission of its supplemental information. Further, Petitioner was apprised of the basis on which Patent Owner objected to the admission of the supplemental information, given adequate notice of the criteria to be applied in determining the admissibility of such supplemental information, and given the opportunity for a written response to the Board's order, as evidenced by its request for rehearing, after time to consider further Patent Owner's objections and the criteria for review of Petitioner's motion.

Case IPR2013-00106 (JSB)
Patent 6,526,808 B1

Petitioner has not carried its burden of demonstrating that the Board's decision not to admit the supplemental information in the instant *inter partes* review constitutes an abuse of discretion.

In consideration of the foregoing, it is hereby ORDERED that Petitioner's request for rehearing is *denied*.

Case IPR2013-00106 (JSB)

Patent 6,526,808 B1

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